

MINUTES OF THE  
MAG MANAGEMENT COMMITTEE MEETING  
October 14, 2009  
MAG Office Building - Saguaro Room  
Phoenix, Arizona

MEMBERS ATTENDING

Mark Pentz, Chandler, Chair	Sonny Culbreth for Darryl Crossman,
Carl Swenson, Peoria, Vice Chair	Litchfield Park
# Matt Busby for George Hoffman, Apache Junction	Christopher Brady, Mesa
Charlie McClendon, Avondale	Jim Bacon, Paradise Valley
David Johnson for Stephen Cleveland, Buckeye	Frank Fairbanks, Phoenix
* Gary Neiss, Carefree	Shane Dille for John Kross, Queen Creek
* Usama Abujbarah, Cave Creek	* Bryan Meyers, Salt River Pima-Maricopa Indian Community
Spencer Isom for B.J. Cornwall, El Mirage	John Little, Scottsdale
Alfonso Rodriguez for Phil Dorchester, Fort McDowell Yavapai Nation	Michael Celaya for Randy Oliver, Surprise
Julie Ghatti for Rick Davis, Fountain Hills	Charlie Meyer, Tempe
Rick Buss, Gila Bend	Chris Hagen for Reyes Medrano, Tolleson
* David White, Gila River Indian Community	Gary Edwards, Wickenburg
George Pettit, Gilbert	Lloyce Robinson, Youngtown
Ed Beasley, Glendale	Steve Hull for John Halikowski, ADOT
Mark Gaillard for John Fischbach, Goodyear	Kenny Harris for David Smith, Maricopa County
Bill Hernandez, Guadalupe	David Boggs/Bryan Jungwirth, Valley Metro/RPTA

- \* Those members neither present nor represented by proxy.
- # Participated by telephone conference call.
- + Participated by videoconference call.

1. Call to Order

The meeting was called to order by Chair Mark Pentz at 12:05 p.m.

2. Pledge of Allegiance

The Pledge of Allegiance was recited.

Chair Pentz noted that Matt Busby was participating via teleconference.

Chair Pentz noted material at each place: For agenda item #5C, the Prior Committee Actions section of the summary transmittal was revised to reflect the recommendation for approval made by the ITS Committee; for agenda item #5D, the agenda materials were updated to reflect the addition of three ADOT right of way projects to the project change requests; for agenda item #5I, a revised consultation memorandum; for agenda item #5L, a draft list of all new and renewal applicants requesting funds provided by the Ranking and Review Panel; and a flyer of events that will take place during Domestic Violence Awareness Month.

Chair Pentz announced that parking garage validation and transit tickets were available from Valley Metro/RPTA for those using transit to come to the meeting.

3. Call to the Audience

Chair Pentz stated that Call to the Audience provides an opportunity to the public to address the Management Committee on items that are not on the agenda that are within the jurisdiction of MAG, or non-action agenda items that are on the agenda for discussion or information only. Chair Pentz noted that those wishing to comment on agenda items posted for action will be provided the opportunity at the time the item is heard. Public comments have a three minute time limit and there is a timer to help the public with their presentations.

Chair Pentz recognized public comment from Dianne Barker, who expressed her appreciation for the transit ticket and reported on her experience taking transit to the meeting. Ms. Barker noted that RARF sales tax revenue is down 13 percent this year and is projected to be down double that number in 2010. She commented that with the great weather and wonderful facilities, this region should not have a bad economy. Chair Pentz thanked Ms. Barker for her comments.

Chair Pentz noted that this was the last MAG Management Committee meeting for Frank Fairbanks. He read the Resolution of Appreciation that had been prepared. Chair Pentz commented that the Resolution could not begin to express the impact Mr. Fairbanks has had, not only on the City of Phoenix, but on the city management profession in the United States. He added that Mr. Fairbanks will be missed.

Mr. Fairbanks expressed his appreciation for the kind words. He said that his view has always been that the focus of everyone in city government should be on serving the public. Mr. Fairbanks stated that those jobs on the front lines are more important than his job. He expressed that he felt that the quality of government in the MAG region is better than across the country, and he noted that the MAG organization also operates at a high level. Mr. Fairbanks received a standing ovation from the Management Committee and those in attendance.

4. Executive Director's Report

Dennis Smith, MAG Executive Director, reported to the Management Committee on items of interest to the MAG region. He noted that the MAG transportation public meeting to review the changes to the MAG Regional Transportation Plan 2010 Update, the MAG FY 2011-2015 Transportation Improvement Program, the Regional Freeway Program and the Regional Transit Program is scheduled for October 13, 2009, at 5:00 p.m. in the MAG Saguaro Room. Mr. Smith

stated that MAG Transportation Policy Committee Chair, Mayor Marie Lopez Rogers of Avondale, will chair the public meeting.

Mr. Smith noted that the MAG Certification Review of MAG's planning process, which is federally required to occur every four years, is scheduled for November 3-5, 2009. He reported that MAG has been working on the roles and responsibilities of MAG, Regional Public Transportation Authority (RPTA), Valley Metro Rail, and the City of Phoenix as the Designated Recipient of federal transit funds in preparation for the review. Mr. Smith stated that on September 21, 2009, the Executive Committee recommended having MAG assume transit programming responsibilities. He advised that the Executive Committee also initiated a review of the Trip Reduction Program, Regional Rideshare Program and Air Quality Education Programs to encourage more coordination of the programs, and staff will report back to the Executive Committee in 90 days. Mr. Smith stated that a Transit Committee was also formed and a memorandum was sent to the Management Committee requesting names to serve on the Committee.

Mr. Smith stated that MAG recently teamed with ECOTality and Nissan North America to help introduce electric vehicles in the Sun Corridor. He noted that ETEC, a subsidiary of ECOTality, received a \$99.8 million grant from the U.S. Department of Energy to undertake the largest deployment of electric vehicles and charging infrastructure in U.S. history. Mr. Smith announced that MAG is holding a one-half day workshop, perhaps in November or December, to inform the MAG member agencies how they can participate in this new technology. He commented that this could have special relevance to municipal fleets and permits for installation of electric vehicle infrastructure.

Mr. Smith stated that during October, which is Domestic Violence Awareness Month, the MAG Regional Domestic Violence Council is celebrating its tenth anniversary. He informed the Committee that a press conference was held October 13, 2009, to celebrate the achievements of the Council and to focus on work still to be done. Mr. Smith announced that a satellite flyer was at each place providing details on the month's planned events, including a broadcast training that will be held on October 27, 2009. He noted that organizations expected to attend include the Arizona Coalition Against Domestic Violence, the Glendale Police Department, the Glendale City Court, the Phoenix Police Department, and the Pima County Attorney's Office.

Mr. Smith stated that the National Association of Regional Councils Executive Directors Conference was held October 4-6, 2009, at the Sheraton Hotel in downtown Phoenix. He remarked that more than 120 people attended this conference, which broke the previous attendance record. Mr. Smith extended his appreciation to MAG's Chair, Councilwoman Peggy Neely from Phoenix, Mayor Marie Lopez Rogers from Avondale, Mayor Scott Smith from Mesa, Mayor Hickenlooper from Denver and Victor Mendez, who is the FHWA Administrator and the conference's keynote speaker. Mr. Smith thanked City of Mesa staff for their assistance in Mayor Hickenlooper attending the conference. He stated that there is a lot of discussion about reauthorization and a lot of effort on more project delivery coming through the region instead of the state. Mr. Smith stated that the ARRA exercise showed the difficulties of pushing local projects through the state process.

Mr. Smith expressed his personal appreciation to Mr. Fairbanks for everything he has done for MAG. He remarked that Mr. Fairbanks provided support to the MAG organization when it was needed.

Chair Pentz thanked Mr. Smith for his report. No questions for Mr. Smith were noted.

Chair Pentz introduced and welcomed back to the Management Committee Mr. Bill Hernandez, the new Manager for the Town of Guadalupe.

5. Approval of Consent Agenda

Chair Pentz stated that agenda items #5A, #5B, #5C, #5D, #5E, #5F, #5G, #5H, #5I, #5J, #5K, #5L, #5M, and #5N were on the Consent Agenda. He reviewed the public comment guidelines for the Consent Agenda. Chair Pentz noted that no public comment cards had been received.

Chair Pentz asked if any member of the Committee had questions or a request to have a presentation on any Consent Agenda item. None were noted.

Mr. Brady moved to recommend approval of Consent Agenda items #5A, #5B, #5C, #5D, #5E, #5F, #5G, #5H, #5I, #5J, #5K, #5L, #5M, and #5N. Mr. Pettit seconded, and the motion carried unanimously.

Mr. Boggs left the meeting and was replaced by Mr. Jungwirth.

5A. Approval of September 16, 2009, Meeting Minutes

The Management Committee, by consent, approved the September 16, 2009, meeting minutes.

5B. 2009 Annual Report on Status of the Implementation of Proposition 400

A.R.S. 28-6354 requires that MAG issue an annual report on the status of regional transportation projects included in Proposition 400, which was approved by the voters in Maricopa County in November 2004. The 2009 Annual Report is the fifth report in this series and covers the status of the Life Cycle Programs for Freeways/Highways, Arterial Streets, and Transit. A Summary of Findings and Issues is included in the attached material and the full report is available on the MAG website. This item was on the agenda for information and discussion.

5C. Amendment to the MAG FY 2010 Unified Planning Work Program and Annual Budget to Add Funding to the ITS Evaluation - MAG Consultant On-Call Project

The Management Committee, by consent, recommended amending the MAG FY 2010 Unified Planning Work Program and Annual Budget to add \$50,000 of FY 2009 MAG Surface Transportation Program funds to the ITS Evaluation - MAG Consultant On-Call Project to improve the methods used to evaluate the air quality benefits of ITS projects proposed for Congestion Mitigation and Air Quality Improvement (CMAQ) Program funding. On June 25, 2008, the Regional Council approved the selection of on-call consultants to provide Intelligent

Transportation Systems (ITS) and Safety services for a period of two years. On May 27, 2009, the Regional Council approved the MAG FY 2010 Unified Planning Work Program and Annual Budget (UPWP), which includes \$30,000 for the ITS Evaluation - MAG Consultant On-Call Project. Each year, MAG receives dozens of requests from member agencies for CMAQ funding for ITS projects. In order to be CMAQ-eligible, projects must demonstrate a net reduction in emissions of air pollutants in nonattainment or maintenance areas. Recent changes to the EPA-approved emissions model have made it more difficult to quantify emission reductions associated with ITS projects. MAG requires consultant assistance to simplify the data requirements, improve the accuracy of the emission estimates, and reduce the time it takes to evaluate the air quality benefits of ITS projects proposed for CMAQ funding. A consultant qualified in ITS Evaluation would be selected from the existing on-call services contract. The proposed amendment to the UPWP would add \$50,000 of FY 2009 MAG Surface Transportation Program funds to the ITS Evaluation - MAG Consultant On-Call Project to improve the methods for evaluating the air quality benefits of ITS projects. On October 7, 2009, the MAG ITS Committee recommended approval of the amendment.

5D. Project Changes – Amendments and Administrative Modifications to the FY 2008-2012 MAG Transportation Improvement Program

The Management Committee, by consent, recommended approval of amendments and administrative modifications to the FY 2008-2012 Transportation Improvement Program, and as appropriate, to the Regional Transportation Plan 2007 Update as shown in the attached tables. The FY 2008-2012 Transportation Improvement Program (TIP) and Regional Transportation Plan 2007 Update were approved by the MAG Regional Council on July 25, 2007. Since that time, there have been requests from member agencies to modify projects in the programs. The proposed amendments and administrative modifications to the FY 2008-2012 TIP are listed in the attached table. These include requests to change locations for two CMAQ funded projects, new pavement preservation projects by the Arizona Department of Transportation (ADOT), and financial changes including amounts and type of funds for ADOT projects. Projects funded with the American Recovery and Reinvestment Act (ARRA) funds are included in these requested changes. On October 1, 2009, the Transportation Review Committee recommended approval of amendments and administrative modifications to the FY 2008-2012 Transportation Improvement Program, and as appropriate, to the Regional Transportation Plan 2007 Update. This item is revised to include three new requests from ADOT regarding right of way purchases. There is need of an additional \$70 million for the SR303L segment between I-10 to US-60 (Grand Avenue) to purchase needed right of way for construction. There is currently \$90 million in right of way funding programmed in this fiscal year on the South Mountain corridor. ADOT estimates that only \$20 million is needed for right of way acquisitions that are currently underway on the South Mountain corridor. The request to transfer \$70 million of right of way funds to the SR303L corridor from the South Mountain corridor. This request will not affect the current life cycle program cash flow.

5E. Consultant Selection for an Avondale Transit Circulator Study

The Management Committee, by consent, recommended approval of the selection of URS Corporation as the consultant to develop the Avondale Transit Circulator Study for an amount not

to exceed \$150,000. On June 10, 2009, the MAG Regional Council Executive Committee approved an amendment to the FY 2009 MAG Unified Planning Work Program and Annual Budget to include funding for a Transit Circulator Study for the City of Avondale. Since that time, MAG staff completed a Request for Proposals (RFP) process. Six proposals were received. A multi-agency review team evaluated the proposals, conducted consultant interviews, and recommended to MAG that URS Corporation be awarded the contract to develop the Avondale Transit Circulator Study for an amount not to exceed \$150,000.

5F. Consultant Selection for an Avondale Park and Ride Site Selection Study

The Management Committee, by consent, recommended approval of the selection of TranSystems as the consultant to develop the Avondale Park and Ride Site Selection Study for an amount not to exceed \$200,000. On June 10, 2009, the MAG Regional Council Executive Committee approved an amendment to the FY 2009 MAG Unified Planning Work Program and Annual Budget to include funding for a Park and Ride Site Selection Study for the City of Avondale. Since that time, MAG staff completed a Request for Proposals (RFP) process. Seven proposals were received. A multi-agency review team evaluated the proposals, conducted consultant interviews, and recommended to MAG that TranSystems be selected to develop the Avondale Park and Ride Site Selection Study for an amount not to exceed \$200,000.

5G. Don't Trash Arizona Litter Prevention and Education Contract Amendment

The Management Committee, by consent, recommended approval to amend the consultant contract with RIESTER for one additional year for the Litter Prevention and Education Program to include \$300,000 budgeted in the FY 2010 MAG Unified Planning Work Program and Annual Budget for litter prevention and education. The Regional Transportation Plan includes \$279 million for the freeway maintenance program, including litter control and prevention. In November 2003, MAG and the Arizona Department of Transportation (ADOT) signed a joint resolution that included development of a long-term litter prevention program to reduce freeway litter and defray pickup costs. The Don't Trash Arizona program was implemented in 2006 by MAG in cooperation with ADOT. In September 2008, the MAG Regional Council approved the selection of RIESTER as the consultant to design and implement the FY 2009 Litter Prevention and Education Program at a cost not to exceed \$380,000. The base contract period was for a one-year term, with a provision that MAG may, at its option, offer to extend the period of this agreement up to a maximum of two, one-year options, based on consultant performance and funding availability. The current contract expires on October 31, 2009. The MAG FY 2010 Unified Planning Work Program and Annual Budget includes \$300,000 in funding for litter prevention and education.

5H. Arterial Life Cycle Program Status Report

A Status Report on the Arterial Life Cycle Program (ALCP) is provided for the period between April and September 2009 and will include an update on ALCP Project work, the remaining Fiscal Year 2010 ALCP schedule, program deadlines, and program revenues and finances. This item was on the agenda for information.

5I. Conformity Consultation

On October 6, 2009, the Maricopa Association of Governments distributed a memorandum for consultation on a conformity assessment for an amendment and administrative modification to the FY 2008-2012 MAG Transportation Improvement Program (TIP). The proposed amendment and administrative modification involve several projects, including six new Arizona Department of Transportation projects. Since that time, MAG received a request from the Arizona Department of Transportation for additional project changes for the amendment and administrative modification including: DOT09-820, DOT10-6C36, and DOT10-6C38RW. The three projects are included in the revised table. Comments on the conformity assessment were requested by October 23, 2009. MAG has reviewed the projects for compliance with the federal conformity rule and has found that consultation is required on the conformity assessment. The amendment includes projects that may be categorized as exempt from conformity determinations. The administrative modification includes minor project revisions that do not require a conformity determination. The conformity finding of the TIP and the associated Regional Transportation Plan 2007 Update, as amended, that was made by the Federal Highway Administration and Federal Transit Administration on July 16, 2009 remains unchanged by this action. The conformity assessment was transmitted for consultation to the agencies listed above and other interested parties. This item was on the agenda for consultation.

5J. Additional Funding for a Sweeper on the Approved Prioritized List of Proposed PM-10 Certified Street Sweeper Projects for FY 2009 CMAQ Funding

The Management Committee, by consent, recommended approval of additional funding for a sweeper on the Approved Prioritized List of Proposed PM-10 Certified Street Sweeper Projects for FY 2009 CMAQ Funding. On January 28, 2009, the MAG Regional Council approved a Prioritized List of Proposed PM-10 Certified Street Sweeper Projects for FY 2009 CMAQ funding and retained the prioritized list for any additional FY 2009 CMAQ funds that may become available due to year-end closeout, including any redistributed obligation authority, or additional funding received by this region. On September 18, 2009, the Arizona Department of Transportation notified MAG that ADOT would not continue with their street sweeper project for FY 2008 CMAQ funding. With the deletion of the ADOT sweeper project and associated savings of \$166,491, the remaining \$52,281 for Buckeye sweeper #1 from the approved Prioritized List may now be funded.

5K. MAG FY 2011 PSAP Annual Element/Funding Request and FY 2011-2015 Equipment Program

The Management Committee, by consent, recommended approval of the MAG FY 2011 PSAP Annual Element/Funding Request and FY 2011-2015 Equipment Program for submittal to the Arizona Department of Administration. Each year, the Public Safety Answering Point (PSAP) Managers submit inventory and upgrade requests that are used to develop a five year equipment program that forecasts future 9-1-1 equipment needs of the region and will enable MAG to provide estimates of future funding needs to the Arizona Department of Administration (ADOA). The ADOA Order of Adoption stipulates allowable funding under the Emergency Telecommunications Services Revolving Fund. The MAG 9-1-1 PSAP Managers and the MAG

9-1-1 Oversight Team recommended approval of the MAG FY 2011 PSAP Annual Element/Funding Request and FY 2011-2015 Equipment Program.

5L. Application Process for the 2009 U.S. Department of Housing and Urban Development Stuart B. McKinney Funds for Homeless Assistance Programs

On December 8, 1999, the MAG Regional Council approved MAG becoming the responsible entity for a year-round homeless planning process which includes submittal of the U.S. Department of Housing and Urban Development (HUD) Stuart B. McKinney Continuum of Care Consolidated Application for the MAG region. The Continuum of Care grant supports permanent and transitional housing as well as supportive services. A total of \$172 million has been awarded to the region since 1999. Last year, the region received more than \$24.5 million for 53 projects serving homeless individuals and families. The 2009 federal application was released on September 25, 2009 and the Continuum of Care consolidated application is due to HUD on November 9, 2009. The Ranking and Review Panel provided a draft list of all new and renewal applicants requesting funds during this application process to the MAG Management Committee for information. Project applications were due to the Ranking and Review Panel on October 26, 2009. The final list of recommended projects were provided to the MAG Regional Council for information on October 28, 2009. Approval of the final consolidated application by the MAG Continuum of Care Regional Committee on Homelessness was expected on November 3, 2009. This item was on the agenda for information.

5M. Amendment to the MAG FY 2010 Unified Planning Work Program and Annual Budget to Reflect Changes in Human Services Funding

The Management Committee, by consent, recommended approval of a budget amendment to the FY 2010 MAG Unified Planning Work Program and Annual Budget to add a new grant from St. Luke's Health Initiative in the amount of \$25,320, and to remove the Innovative Grant from Governor's Brewer's Office in the amount of \$43,824 and the remaining balance of the FY 2010 Arizona Department of Economic Security homeless planning grant in the amount of \$7,500, resulting in a net reduction to the overall budget of \$26,004. The FY 2010 MAG Unified Planning Work Program and Annual Budget (UPWP) was approved by the MAG Regional Council on May 27, 2009. Recently, a new grant for Human Services that was not included in the FY 2010 MAG UPWP was awarded to MAG from St. Luke's Health Initiative in the amount of \$25,320. In addition, MAG received notice that two of the Human Services grants approved in the FY 2010 MAG UPWP – the Innovative Grant traditionally received from Governor's Brewer's Office for \$43,824 as well as the remaining balance of the FY 2010 Arizona Department of Economic Security homeless planning grant for \$7,500 – were not going to be awarded due to shortfalls in state funding. An amendment to the FY 2010 MAG UPWP is necessary to add a new grant and to remove two grants in Human Services that result in a net reduction to the overall budget of \$26,004.

5N. Video Outreach Associate Contract Amendment

The Management Committee, by consent, recommended approval of adding \$14,000 to the FY 2010 contract for the MAG Video Outreach Associate. The FY 2010 MAG Unified Planning



Work Program and Annual Budget approved by the MAG Regional Council in May 2009 includes \$24,000 for a Video Outreach Associate to assist in the writing and production of videos for its MAG Video Outreach Program. The Proposition 400 video has recently been completed and two additional projects are underway. To meet the demand for additional projects, staff recommends adding \$14,000 to the FY 2010 contract for the Video Outreach Associate.

6. Update on the American Recovery and Reinvestment Act (ARRA) of 2009: Re-allocation of Unused Local/MPO ARRA Funds – Policy Options

Eileen Yazzie, MAG Transportation Programming Manager, provided a briefing on the American Recovery and Reinvestment Act (ARRA) re-allocation of unused Local/MPO ARRA funds policy options. Ms. Yazzie requested that Management Committee members ask questions as she proceeded with her presentation. She noted that the MAG Transportation Review Committee (TRC) discussed this issue at its last meeting for about one and one-half hours, and debated four different motions. She displayed a slide of the TRC's recommendation to the Management Committee, which was different from the requested action on the agenda. Ms. Yazzie stated that the motion requests that MAG continue analysis of policy options in advance of establishing policy options in November. Ms. Yazzie explained that items one, two, and three are relevant to local projects and item four is relevant to transit projects. Ms. Yazzie stated that item five is regarding exploring a change to November 30, 2009 from a project obligation deadline to a milestone date.

Ms. Yazzie noted that since the TRC made its recommendation, it was realized that there is only one Regional Council meeting, on October 28, which falls prior to the November 30 deadline and one meeting, on December 9, which falls after the deadline. She noted that if the policies were not addressed at the October 28 meeting, the November 30 deadline would be missed. Ms. Yazzie stated that this is a technical and timing issue. She noted a proposed change to item five on the TRC recommendation to: "Modify the November 30, 2009 obligation deadline to a project development status review to determine the likelihood to obligate by March 2, 2009 with a final obligation/project development status review deadline in January to be determined." Ms. Yazzie commented that with Regional Council approval of that final date in December, staff thinks that the March 2, 2010 federal deadline could still be met if the November 30 hard project obligation deadline was changed to a project development milestone date.

Ms. Yazzie noted that the September status report on ARRA funds was mailed out in the agenda packet. She advised that the report is run at the 20<sup>th</sup> of each month, after the information is received from the Federal Highway Administration on the 16<sup>th</sup>, 17<sup>th</sup>, or 18<sup>th</sup> of the month. Ms. Yazzie added that the October status report would be ready for the October 21 Transportation Policy Committee meeting. She then explained the format of the status report.

Ms. Yazzie noted that the MAG Sub-allocated ARRA funds total about \$105 million, and this month the focus would be on the MPO/Local ARRA funds. She noted that MAG discussed the Highway ARRA funds last month, and RPTA is discussing the Transit ARRA funds through their process.

Ms. Yazzie stated that project savings are anticipated through project bids and awards coming in below estimates and a handful of projects not meeting the obligation deadline. Ms. Yazzie stated that a question at the TRC meeting was regarding the dollar amount of project savings. She said that preliminary calculations show it could be in the range of \$10 million to \$30 million, but it depends on the type of project and also if the project bids come in lower.

Ms. Yazzie stated that key factors that need to be considered as discussion moves forward include project eligibility per ARRA/STP guidance related to the Highway side, project readiness, and the ability to obligate on time.

Ms. Yazzie displayed the points of discussion at TRC on policy options for Local/MPO ARRA fund priorities: 1) Providing additional ARRA funds for existing ARRA projects (no increase in scope); 2) Reducing the local match, but not below the minimum set by MAG policy, for other federally funded projects that would obligate by the deadline; 3) Funding other local projects in the regional that are eligible for ARRA funds that could obligate by the deadline; 4) Allow local determination on the allocation of unspent funds to projects in their jurisdiction. Ms. Yazzie stated that staff will send out a request regarding the policy options to MAG member agencies to solicit any projects that fall in these four categories. Ms. Yazzie reported that MAG staff will meet on Tuesday with FHWA and ADOT regarding the unspent ARRA funds.

Ms. Yazzie displayed the policy options discussed at TRC on Transit ARRA fund priorities: 1) Transferring ARRA funds to transit for operations up to the \$6.4 million limit (ten percent of the ARRA Transit funds); 2) Transfer ARRA to transit for it to serve as a catchall, to the largest degree possible, before transferring funds to highway (there would be no payback of these funds); and 3) No exchange of funds. Ms. Yazzie reported that since the TRC meeting, they learned that Transit ARRA will have project savings, and the RPTA is having discussions focused around prioritizing Transit ARRA savings for operations and preventive maintenance.

Ms. Yazzie advised that per Highway/STP guidance, Local/MPO ARRA funds are not eligible for transit operations and preventive maintenance, and any transfer at this point needs to be for capital and construction projects.

Ms. Yazzie displayed the points discussed by the TRC for Highway ARRA fund priorities: 1) Transfer any remaining funds over to ADOT, if necessary; 2) Include ADOT/Highway as a catchall to ensure that all of the regional ARRA funds are obligated by the federally mandated deadline; 3) Exchange with STP funds.

Ms. Yazzie concluded her presentation by showing the proposed motion on screen that included the possible change to the motion. Chair Pentz thanked Ms. Yazzie for her report and asked members if they had questions.

Mr. Smith asked for clarification if the November 30 date changes to a milestone date that FHWA at that point would be able to make a determination if the project could meet the obligation deadline. Ms. Yazzie replied that was correct; MAG staff will be working with FHWA and ADOT on the obligation deadline through October and November. She noted that by the

November status report projects will have projected obligation deadlines, but do not have them today.

Mr. Brady asked if there would be a competing priority for the additional funds. Ms. Yazzie replied that was correct. She added that the TRC will examine the priority order of policy options in November.

Mr. Meyer asked for clarification of the funds that might be transferred to transit. Ms. Yazzie replied that there is more flexibility to transfer the ARRA funds to ADOT, which has regular STP funds to transfer back and forth with MAG, and can be used as a sort of exchange mechanism. She explained that MAG could transfer the ARRA funds to ADOT, which could obligate them by the March 2, 2010 deadline, and MAG could then reprogram those projects with regular STP funds, which has a September 10, 2010 deadline. Ms. Yazzie stated that a transfer of ARRA Highway funds to transit is a direct transfer; once they leave FHWA and go to FTA, it closes the books. She added that transit cannot transfer back funds. Ms. Yazzie also clarified that per Highway eligibility criteria, ARRA funds cannot be used for transit operations and preventive maintenance.

Mr. Meyer asked if there were any restrictions for the funds that are eligible to be used for transit operations and preventive maintenance. Ms. Yazzie replied that the only ARRA funds eligible to be used for transit operations and preventive maintenance are Transit ARRA funds, which have the obligation deadline of March 2, 2010. Ms. Yazzie noted that transit projects are also seeing project savings and RPTA is looking to prioritize the savings to transit operations, and she added that the Highway funds cannot be used for operations.

Mr. Meyer asked if operations was defined as related to projects or to continuation of service that might be cut as a result of loss of funding sources. Ms. Yazzie replied that the funds could be used for bus, rail, or ADA paratransit service that could be cut due to budget issues.

Mr. Jungwirth offered a clarification on the transfer of Highway funds to Transit, which is limited to \$6.4 million. He said that if some of the funds are moved from Highway to Transit, it would have to go to capital projects and then it becomes an accounting game. He said that ADA would be limited to \$6.4 million, but preventive maintenance is wide open within the confines of accounting.

Mr. Beasley asked the advantages and disadvantages of changing the deadline, and if the funds are not required to have design or environmental study, if they could be moved to transit. Eric Anderson, MAG Transportation Director, replied that the advantage of moving the deadline is there are many projects scheduled to obligate in December and January. He commented that November 30 as a hard deadline means that clearances must be in place and ADOT and FHWA have signed off (obligated) on a project by that date; if not, a project has not met the deadline. Mr. Anderson stated that this means that a significant amount of money could come back to the region that could be flexed to transit; however, there is one caveat – there could be some deadlines required by FHWA for processing. Mr. Anderson explained that typically, as soon as FHWA effectuates a transfer to FTA, those funds are considered to be obligated, however, staff is not sure this applies to ARRA funds. He added that staff is currently investigating the amount of time

needed by FTA to certify transit projects once the Highway funds are transferred to FTA. Mr. Anderson explained that they are working with FTA in San Francisco to determine the date on which they could transfer Highway ARRA funds to transit and still obligate. Mr. Anderson noted that with a hard deadline of November 30, there would be a number of projects at risk and there would probably be \$40 million to \$60 million on the table, and he was not sure MAG would be able to re-obligate those funds. He also mentioned that a lot of effort was put forth by ADOT to get the consultants in place and coordinate with jurisdictions on their projects. Mr. Anderson commented that the projects took longer to start than was first thought. He stated that there are a lot of projects to obligate in December and January, and he thought it might be unfortunate if a project was one week away from being obligated and November 30 rolled around and a jurisdiction was told they were out of luck. Mr. Anderson expressed that it is important to obligate 100 percent of the ARRA funds in the region and to do that, we must be creative.

Mr. Beasley commented that he did want to see anyone excluded, but transit could use the funding right now. He expressed his hope that a list of those projects that could and could not make the timeframe could be ascertained quickly. Mr. Anderson added that we also need to be concerned about the inventory of shovel-ready transit projects and that they have time to go through the FTA certification process.

Chair Pentz asked for clarification that the alternative projects have not been prioritized. Mr. Anderson replied that was correct. Chair Pentz asked if shovel ready projects would be considered, in addition to transit projects. Mr. Anderson replied that was correct. He said that MAG has an inventory of other federally funded projects in the TIP that may be ready to go and may be able to accommodate more federal funds. Mr. Anderson advised that the TRC did not recommend any prioritization because they wanted more information, and staff will be doing an analysis to present to the TRC at their next meeting the end of October.

Mr. Fairbanks expressed his support for the TRC recommendation, including the change to the January date, because the hidden benefit is spending the funds anywhere in the region putting people to work instead of returning the money to Washington, D.C. He commented that a lot of people are losing their homes and their cars due to lack of work and it is critical that MAG as a group spend the funds and improve the economic situation in the region. Mr. Fairbanks said that it appears the best to do this is to extend the deadline a bit to help cities go through the lengthy process and complete their projects. He stated that there is a risk of extending the deadline too far and then there is not enough time for reallocation. Mr. Fairbanks stated that all of the projects are critical, but in the long run, the largest benefit is getting the economy going by getting people back to work. He stated that initially, he was concerned for extending the deadline, but as staff explained it, an extension to January should allow several cities to complete their projects on which they worked hard and still have time to re-obligate other projects in the region.

Mr. Meyer expressed his support for the recommendations and priorities but wanted to add an emphasis to transit and in particular, operations. He said that in reality, transit services will be lost as a result of the economic downturn and may be difficult to restore. Mr. Meyer noted that people have built their lives around the availability of transit service and rely on it, and he suggested perhaps bridging the gap until other funding sources reinvigorate. He commented that it seemed a shame to lose those services in the interim and then have to start them up again. Mr.

Meyer expressed his hope that whatever funds are available for transit operations could be maintained as part of the priority.

Mr. Little asked if January would be a hard deadline or a planning horizon that would be reevaluated as the date approached. Mr. Anderson replied that he thought it would be a hard deadline because time is needed for the reallocation process, and a January date would provide only one month for this process. He added that staff will be talking to the federal partners about the amount of time they need to complete the paperwork.

Mr. Dille expressed his support for the recommendations and echoed a lot of the sentiments expressed. He extended his compliments to MAG staff and the TRC. Mr. Dille stated that MAG has the unique opportunity to stimulate the economy and he appreciated the recommendation which provides enough time to reallocate the funds. He stated that the Town of Queen Creek is in full support of the staff recommendations as presented and he was prepared to make a motion.

Mr. Brady expressed his support for the comments made regarding transit. He asked for clarification that when this process began it was not known that the funds could be used for this purpose. Ms. Yazzie replied that was correct. Mr. Brady commented that he thought his priorities would have been different if he had known that. He said that he supported extending the deadline, and that is a very important element for members to know.

Mr. Dille moved to recommend that MAG staff explore the following uses for the reallocation of unobligated ARRA be considered, with the priorities for the uses be set next month based on further consideration: 1) Additional ARRA funds for existing ARRA projects, however, no increase in scope would be allowed, 2) Reduction in the local match, but not below the minimum set by MAG policy, for other federally funded projects that will obligate by the deadline; 3) Other local projects in the region that are eligible for ARRA funds and can obligate by the deadline; 4) Transfer funds to Transit; and 5) Modify the November 30, 2009 obligation deadline to a project development status review to determine the likelihood to obligate by March 2, 2010 with a final obligation/project development status review deadline in January to be determined. Mr. Fairbanks seconded, and the motion passed unanimously.

7. Transportation Planning Update - Proposition 400 Regional Freeway Program

Mr. Anderson reported that sales tax revenue continues to be soft and has been down for 22 straight months, but the revenue change in May 2009 grew less negative. He stated that the adjustments done last year and early this year took most of the impact of the economic downturn out of the projections. Mr. Anderson noted that the sales tax revenue is basically back to 2005, and four to five years of growth were taken out of the program. He advised that there was a bump in July due to the Cash for Clunkers program, but the construction and hospitality industries remain weak.

Mr. Anderson displayed a map of the foreclosed residential properties for sale as of September 2009, which totaled 13,572 properties. The next map showed a total of 47,069 residential properties facing foreclosure as of September 2009, and he added that some will not end up in foreclosure due to the loan modification programs. Mr. Anderson displayed a map of the two

previous maps combined and he brought up the concern that many of the foreclosed properties will be bought by investors and will end up as rentals. He noted that there was an article recently in *The Arizona Republic* about the current competition in the rental market.

Mr. Anderson stated that the Phoenix-Mesa unemployment rate was 8.3 percent, which is lower than a lot of other metro areas. He said that this region has a more transient work force and people may have moved elsewhere, or people might have become discouraged looking for work. Mr. Anderson noted that the region's unemployment rate has increased more than five percent over the past three years. He stated that the one year change in the unemployment rate has not gotten as bad as other metro areas, probably because the MAG region's unemployment happened early on in the economic downturn. Mr. Anderson noted that the unemployment rate in the Las Vegas region increased six percent in one year.

Mr. Anderson stated that the selling price per square foot for housing is now less than \$100, when at the peak it was in the \$150 per square foot range. He commented that this is bad news for those who bought homes in 2006, but good news for those buying a home today. Mr. Anderson commented that the market is adjusting and he thought the commercial real estate market still had a way to go.

Bob Hazlett, MAG Senior Engineer, provided a presentation to the Management Committee on the tentative scenario that has been developed to address the funding gap in the Regional Freeway and Highway Program. He said that the Regional Transportation Plan budget is about \$9.4 billion and the ADOT cost opinion is approximately \$16 billion. Mr. Hazlett stated that projects obligated in FY 2010 total about \$2.7 billion and ADOT's cost opinion to complete the program is approximately \$13 billion. He noted that approximately \$6.6 billion is available to finish the program, leaving a deficit of \$6.6 billion.

Mr. Hazlett stated that the tentative scenario was based on four guiding principles: management strategies, value engineering, deferrals, and stay the course. He noted that management strategies (how the program is being administered) identified about \$800 million in cost savings, due to lower construction costs, right of way prices, and systemwide costs for such things as the freeway management system, costs for right of way acquisition, maintenance, noise mitigation, management consultants, and minor projects. Mr. Hazlett stated that the other guiding principles were value engineering, deferrals, and staying the course to maintain core enhancements.

Mr. Hazlett displayed a map of the project changes in the tentative scenario, and commented that the recommendations to bring the program in balance occur Valleywide. Mr. Hazlett stated that the value engineering recommendations focused mostly on new corridors (Loop 303 from I-10 to I-17) and Loop 202 (South Mountain) and represent approximately \$1.7 billion in savings. He noted that the RTP estimate for Loop 303 was \$1.4 billion and the 2009 ADOT cost opinion was approximately \$2.9 billion. Mr. Hazlett reported that value engineering reduced the cost to complete corridor about \$1.3 billion.

Mr. Hazlett stated that the ADOT cost opinion for the Loop 303/I-10 interchange was \$760 million in June 2008, and this amount has been reduced to \$518 million, which might be further reduced to about \$400 million. He noted that the City of Surprise agrees with the alternative

design for the US-60/Grand Avenue traffic interchange that will save about \$150 million and will retain service levels.

Mr. Hazlett indicated that staff is working with the City of Glendale, City of Peoria, City of El Mirage, and Maricopa County to get the best connection at the ramps at Northern Parkway and Loop 303 to accommodate travel demand.

Mr. Hazlett stated that the RTP included approximately \$1.1 billion for the South Mountain Freeway, and it appears the cost could be reduced to about \$1.9 billion from the ADOT cost opinion of about \$2.5 billion by utilizing the narrower Proposition 300 cross section, selecting a 59th Avenue alignment, and applying lower construction and right of way contingency costs. Mr. Hazlett replied that ADOT owns about 95 percent of the right of way needed.

Mr. Hazlett said that they looked at deferrals in three different categories: entire corridor deferral, general purpose land deferrals, and right of way preservation deferrals. He displayed a map of the deferrals and noted that the largest was the I-10 Reliever (SR-801) from SR-85 to Loop 202, which makes the Loop 303 from SR-801 to I-10 a likely candidate for deferral. Mr. Hazlett noted that an interim facility will be constructed on SR-802 from Ellsworth to Loop 202, but defer the rest of the corridor.

Mr. Hazlett noted that the recommendation is to build out the HOV lane system on Loop 101 and Loop 202, and he noted that their construction in the median is a cost effective way to create capacity. He stated that the general purpose lane deferrals included those on the Agua Fria Freeway, I-17, SR-51, and Loop 202 from Gilbert Road to US-60 and US-60 to I-10. Mr. Hazlett said that they recommend general purpose lanes be constructed on the Pima and Price freeways and a section of Loop 202. Mr. Hazlett stated that the tentative scenario recommends the direct HOV ramps at the I-10 and I-17 interchanges be deferred at this time, due to the significant reconstruction of both traffic interchanges that would be required.

Mr. Hazlett stated that the tentative scenario recommends the right of way protection for SR-74 and Loop 303 be deferred.

Mr. Hazlett noted that included in the tentative scenario is a draft deferral policy for the TPC to consider because there needs to be some sort of policy to bring the projects back into the program. Mr. Hazlett stated that there are two principles in the draft policy: 1) Maintain the original project priority, and as funds become available the projects could be brought back in. 2) Capture the cost savings from a deferred corridor.

Mr. Hazlett reviewed the stay the course recommendations, and said they were a repackaging of sorts. He noted that the tentative scenario includes \$1 billion for I-17 from the I-10 Split to the Arizona Canal, adding more general purpose lanes on I-10 from Loop 101 to I-17, and improving the west Sky Harbor interchange to accommodate Homeland Security measures.

Mr. Hazlett stated that the management strategies could save about \$800 million, value engineering about \$1.7 billion, deferrals about \$4.1 billion, and stay the course about \$30 million,

bringing the new regional freeway program cost opinion to about \$9.4 billion – the amount in the original RTP.

Mr. Hazlett stated that the tentative scenario document, which is posted online, includes a 30-page summary, tables of projects by corridor and phase, maps, and the presentation given to the TPC in June 2009, which showed the changes corridor by corridor. He said that the document also includes recommendations on how to bring projects back into the program, how to do a better job of revenue monitoring, looking for opportunities for future funds, alternative funds, and other federal funds, project delivery methods, and right of way preservation. Chair Pentz asked members if they had questions for Mr. Hazlett or Mr. Anderson.

Mr. McClendon expressed appreciation for the work done by MAG staff. He said that the TPC requested that action be delayed to ensure that this was the best option to balance the program. Mr. McClendon stated that after several months of meetings, this is as good a plan as any plan to deal with the situation. He expressed his concern with deferrals, especially Loop 303 and the South Mountain that were deferred from Proposition 300 and are no closer to being built than they were 20 years ago. Mr. McClendon stated that to assume because they are still in the plan that they will be built someday requires a big leap of faith.

Mr. Little commented on value engineering by saying that as we do value engineering, so does the construction industry, and it takes expense away from wages, safety, and materials. He encouraged inspecting projects and ensuring that we are not value engineering out the features we want to see in our projects.

#### 8. Legislative Update

Nathan Pryor, Senior Policy Planner, provided an update on legislative issues of interest. He said that his presentation would focus on the Federal FY 2010 appropriations, Reauthorization, and the status of the TIGER grants.

Mr. Pryor stated that October 1, 2009, marked the start of the federal fiscal year 2010. He reported that Congress has not yet passed the FY 2010 appropriations for transportation, but did pass a 30-day continuing resolution, which may be extended through the Thanksgiving holiday.

Mr. Pryor stated that the Transportation Investment Generating Economic Recovery (TIGER) was a provision in the ARRA legislation. He said that more than \$56 billion in applications have been received, with Arizona applying for \$1.78 billion worth of projects, which ranks ninth nationally. Mr. Pryor stated that the approval of applications is expected in January or February 2010. No questions from the Committee for Mr. Pryor were noted.

#### 9. Request for Future Agenda Items

Topics or issues of interest that the Management Committee would like to have considered for discussion at a future meeting will be requested.

No requests were noted.



10. Comments from the Committee

An opportunity will be provided for Management Committee members to present a brief summary of current events. The Management Committee is not allowed to propose, discuss, deliberate or take action at the meeting on any matter in the summary, unless the specific matter is properly noticed for legal action.

No comments were received from the Committee.

11. Adjournment

There being no further business, Vice Chair Swenson moved to adjourn the meeting. Mr. Pettit seconded. The meeting adjourned at 1:25 p.m.

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Chair

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Secretary